

New York Clearing Corporation

One North End Avenue, 13th Floor

New York, New York 10282

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December 2, 2004

Ms. Jean A. Webb
Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: **Amendments to NYCC By-Law Section 5.6 -
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6**

Dear Ms. Webb:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commission Regulation 40.6, the New York Clearing Corporation ("NYCC") submits, by written certification, amendments to NYCC By-Law Section 5.6, attached as Exhibit A.

The amendments to By-Law Section 5.6 create a new provision which allows the Board or the President to increase the permitted position risk of any clearing member with capital greater than \$100 million, if in the judgment of the Board or President such increase is justified by the clearing member's financial condition and other considerations the Board or President deems appropriate. If the President increases the permitted position risk, the Board will review such action and may either ratify, modify or revoke the increase. The amendments were adopted because, at times, a clearing member with capital in the hundreds of millions or even billions will be obligated to pay super margins as NYCC rules limit capital at \$100 million.

NYCC certifies that the amendments comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder.

NYCC's Board of Directors approved the amendments at its meeting on November 8, 2004. No substantive opposing views were expressed by members or others with respect to the amendments. The amendments will go into effect on Friday, December 3, 2004.

If you have any questions or need further information, please contact me at 212-748-4084.

Sincerely,

Jill S. Fassler
NYBOT
Vice President
Associate General Counsel

cc: John Lawton
CFTC, Division of Clearing and Intermediary Oversight
Allen Cooper
CFTC, New York Regional Office

(In the text of the amendments below, additions are underlined and deletions are bracketed and lined out.)

Section 5.6. *Position Limits*

* * *

(h) Notwithstanding the Capital limitations in Section 5.6(b) of these By-Laws, the Board or the President may at any time increase the Permitted Position Risk determined pursuant to such Section 5.6(b) of any Clearing Member with Capital greater than \$100 million if in the judgment of the Board or the President such increase is justified by the financial condition of the Clearing Member as reported in its financial statements on file with the Corporation and such other considerations as they may deem appropriate. Any such action by the President will be subject to revocation or modification by the Board, and the Board will review any such action taken by the President not later than its next regularly scheduled meeting.

([h]i) Where any two or more Clearing Members are Affiliated Persons, the Board may impose limits on the Position Risk that such Clearing Members may in the aggregate carry with the Corporation.

EXHIBIT A